



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution at the Request of the League of California Cities Declaring Fiscal Hardship Due to State's Ongoing Seizure of Local Property Tax Funds for the Educational Revenue Augmentation Fund and its Continued Adoption of Unfunded Mandates

MEETING DATE: May 20, 2009

PREPARED BY: City Manager


RECOMMENDED ACTION: Adopt resolution at the request of the League of California Cities declaring that the City of Lodi is experiencing a severe fiscal hardship due to the state's ongoing seizure of local property tax funds for the Educational Revenue Augmentation Fund and the continued adoption of unfunded mandates by the State of California.

BACKGROUND INFORMATION: The League of California Cities has requested Lodi take a stand in opposition to the state's transfer of property tax. Due to the current economic crisis, the State Department of Finance has proposed to the Governor that the state "borrow" over \$2 billion in local property taxes from cities, counties, and special districts to balance the state budget.

It is recommended that Council adopt the attached resolution opposing this proposal and urging the State legislature and Governor to suspend the enactment of any new mandates on local governments until such time as the economy has recovered and urging the State to provide complete funding for all existing and any new mandates.

FISCAL IMPACT: This proposal would take 8% of the City's property tax, including secured and unsecured property tax, supplemental and unitary tax, Vehicle License Fee adjustment, and property tax in lieu of sales tax via the triple flip. Pursuant to the attached worksheet from the League of California Cities, Lodi's share is \$1,390,137.

FUNDING AVAILABLE: N/A


Blair King
City Manager

BK/JMP

Attachment

APPROVED: 
Blair King, City Manager

Estimated FY09-10 City & County Impacts of the State Dept of Finance **Draft Proposed Local Property Tax Borrowing Under Proposition 1A(2004)**

Note: Prop 1A stipulates a maximum amount that may be borrowed statewide. It does not specify how that amount might be allocated.
 These figures assume an 8% per jurisdiction allocation as implied in the DOF proposal.

See notes page 15.

<i>See notes page 15.</i>	Property Taxes Allocated - FY2008-09 estimated				Total
	Sec/Unsec	Prop Tax in	SalesTax	Total Est.	Impact
City/County	PropertyTax ¹	Lieu of VLF ²	TripleFlip ³	2008-09	at 8%
SAN DIEGO COUNTY					
CARLSBAD	41,607,688	7,820,791	6,892,563	56,321,043	4,505,683
CHULA VISTA	21,988,509	19,001,820	7,423,698	48,414,026	3,873,122
CORONADO	18,248,732	2,175,595	619,712	21,044,039	1,683,523
DEL MAR	3,676,418	385,806	400,416	4,462,640	357,011
EL CAJON	7,315,300	7,293,362	5,836,998	20,445,660	1,635,653
ENCINITAS	28,006,266	5,174,859	2,821,587	36,002,712	2,880,217
ESCONDIDO	17,625,005	11,285,853	7,471,533	36,382,391	2,910,591
IMPERIAL BEACH	2,091,817	2,302,651	208,623	4,603,090	368,247
LA MESA	6,112,756	4,610,603	2,897,132	13,620,492	1,089,639
LEMON GROVE	2,264,812	2,070,968	1,104,426	5,440,206	435,216
NATIONAL CITY	3,481,563	5,048,140	3,897,114	12,426,817	994,145
OCEANSIDE	35,515,662	14,669,727	4,488,719	54,674,109	4,373,929
POWAY	8,680,011	3,806,958	3,144,937	15,631,905	1,250,552
SAN DIEGO	293,185,640	106,054,809	57,185,462	456,425,911	36,514,073
SAN MARCOS	6,086,214	6,206,632	3,982,200	16,275,046	1,302,004
SANTEE	8,701,242	4,450,191	2,091,862	15,243,295	1,219,464
SOLANA BEACH	5,533,020	1,131,829	737,173	7,402,021	592,162
VISTA	10,825,381	7,196,335	3,402,348	21,424,064	1,713,925
County of SAN DIEGO	562,283,894	310,877,256	6,205,634	879,366,783	70,349,343
SAN FRANCISCO COUNTY					
SAN FRANCISCO	951,574,357	61,821,670	40,597,046	1,053,993,072	84,319,446
SAN JOAQUIN COUNTY					
ESCALON	1,351,351	531,486	216,609	2,099,446	167,956
LATHROP	3,991,558	1,388,218	590,518	5,970,294	477,624
LODI	10,540,671	4,415,819	2,420,218	17,376,708	1,390,137
MANTECA	6,243,712	4,831,633	2,097,864	13,173,208	1,053,857
RIPON	1,239,146	1,107,332	707,385	3,053,863	244,309
STOCKTON	37,254,232	22,307,523	10,275,983	69,837,739	5,587,019
TRACY	14,726,664	5,969,170	3,178,349	23,874,183	1,909,935
County of SAN JOAQUIN	127,261,316	68,927,057	4,087,491	200,275,864	16,022,069
SAN LUIS OBISPO COUNTY					
ARROYO GRANDE	4,075,524	1,249,592	858,302	6,183,418	494,673
ATASCADERO	5,664,579	2,267,771	917,772	8,850,122	708,010
EL PASO DE ROBLES	6,216,143	2,416,720	1,963,452	10,596,315	847,705
GROVER BEACH	4,943,529	1,394,347	283,763	6,621,638	529,731
MORRO BAY	2,652,951	821,647	402,953	3,877,551	310,204
PISMO BEACH	3,315,914	726,412	561,030	4,603,356	368,268
SAN LUIS OBISPO	9,338,533	3,466,716	3,472,294	16,277,542	1,302,203
County of SAN LUIS OBISPO	101,999,142	26,054,197	2,404,813	130,458,152	10,436,652

Estimated FY09-10 City Impacts of the State Dept of Finance

Draft Proposed Local Property Tax Borrowing Under Proposition 1A(2004)

Note: Prop 1A stipulates a maximum amount that may be borrowed statewide. It does not specify how that amount might be allocated.

These figures assume an 8% per jurisdiction allocation as implied in the DOF proposal.

See notes page 15.

<u>See notes page 15.</u>	<u>Property Taxes Allocated</u>			<u>- FY2008-09 estimated</u>	
City/County	<u>Sec/Unsec</u> <u>PropertyTax¹</u>	<u>Prou Tax in</u> <u>Lieu of VLF²</u>	<u>SalesTax</u> <u>TripleFlip³</u>	<u>Total Est.</u> <u>2008-09</u>	<u>Total</u> <u>Impact</u> <u>at 8%</u>
SAN DIEGO COUNTY					
CARLSBAD	39,151,430	7,820,791	6,892,563	53,864,785	4,309,183
CHULA VISTA	27,557,313	19,001,820	7,423,698	53,982,831	43 18,626
CORONADO	17,652,868	2,175,595	619,712	20,448,175	1,635,854
DEL MAR	3,592,877	385,806	400,416	4,379,099	350,328
EL CAJON	6,674,211	7,293,362	5,836,998	19,804,571	1,584,366
ENCINITAS	28,090,712	5,174,859	2,821,587	36,087,159	2,886,973
ESCONDIDO	10,745,370	11,285,853	7,471,533	29,502,755	2,360,220
IMPERIAL BEACH	1,799,510	2,302,651	208,623	4,310,783	344,863
LA MESA	5,564,445	4,610,603	2,897,132	13,072,181	1,045,774
LEMON GROVE	2,065,969	2,070,968	1,104,426	5,241,363	419,309
NATIONAL CITY	2,979,605	5,048,140	3,897,114	11,924,859	953,989
OCEANSIDE	33,957,839	14,669,727	4,488,719	53,116,285	4,249,303
POWAY	9,083,213	3,806,958	3,144,937	16,035,108	1,282,809
SAN DIEGO	280,878,405	106,054,809	57,185,462	444,118,676	35,529,494
SAN MARCOS	5,416,930	6,206,632	3,982,200	15,605,762	1,248,461
SANTEE	8,735,104	4,450,191	2,091,862	15,277,157	1,222,173
SOLANA BEACH	6,119,488	1,131,829	737,173	7,988,490	639,079
VISTA	10,225,407	7,196,335	3,402,348	20,824,090	1,665,927
SAN FRANCISCO COUNTY					
SAN FRANCISCO	841,683,910	61,821,670	40,597,046	944,102,626	75,528,210
SAN JOAQUIN COUNTY					
ESCALON	963,924	531,486	216,609	17 12,020	136,962
LATHROP	3,505,190	1,388,218	590,518	5,483,926	438,714
LODI	8,392,071	4,415,819	2,420,218	15,228,108	1,218,249
MANTECA	5,484,844	4,831,633	2,097,864	12,414,341	993,147
RIPON	1,177,170	1,107,332	707,385	2,991,887	239,351
STOCKTON	32,406,097	22,307,523	10,275,983	64,989,603	5,199,168
TRACY	13,078,549	5,969,170	3,178,349	22,226,068	1,778,085
SAN LUIS OBISPO COUNTY					
ARROYO GRANDE	3,719,726	1,249,592	858,302	5,827,620	466,210
ATASCADERO	4,886,017	2,267,771	917,772	8,071,560	645,125
EL PASO DE ROBLES	4,965,000	2,416,720	1,963,452	9,345,172	747,614
GROVER BEACH	2,220,797	1,394,347	283,763	3,898,907	311,913
MORRO BAY	2,486,291	821,647	402,953	37 10,891	296,871
PISMO BEACH	3,022,449	726,412	561,030	4,309,891	344,791
SAN LUIS OBISPO	8,647,029	3,466,716	3,472,294	15,586,038	1,246,883
SAN MATEO COUNTY					
ATHERTON	4,786,266	617,454	39,648	5,443,367	435,469
BELMONT	2,674,738	1,878,545	837,417	5,390,700	431,256
BRISBANE	1,839,851	258,101	2,478,413	4,576,365	366,109



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May 20, 2009

Mayor Larry Hansen
City of Lodi
221 W. Pine St.
Lodi, CA 95240

Re: Lodi City Council Agenda Item E-12

Mayor Hansen,

The Building Industry Association of ~~the~~ Delta is a multi-county trade association representing 190 companies including homebuilders, trade contractors, architects, engineers, designers, suppliers **and** other industry professionals.

As a community partner with the City of Lodi the BIA and its members offer their support to the City's declaration of severe fiscal hardship due to the state's seizure **of** local property tax funds **and** the continued adoption of unfunded mandates by the State of California.

We stand in support of the City **and** ask the State of California to cease and desist from its confiscatory policies of under funding vital services provided by local governments and the ongoing raids of local revenues that are vitally needed for the public **health**, safety and welfare of California citizens.

Sincerely,

John Beckman
Chief Executive Officer

RESOLUTION NO. 2009-67

A RESOLUTION OF THE LODI CITY COUNCIL
DECLARING THAT THE CITY IS EXPERIENCING A
SEVERE FISCAL HARDSHIP DUE TO THE STATE'S ONGOING
SEIZURE OF LOCAL PROPERTY TAX FUNDS FOR THE
EDUCATIONAL REVENUE AUGMENTATION FUND AND THE
CONTINUED ADOPTION OF UNFUNDED MANDATES BY THE
STATE OF CALIFORNIA

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WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused city officials to reopen adopted budgets, furlough city workers, and reduce services and programs to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s, the state government of California has seized over \$8.6 billion of city property tax revenues statewide to fund the state budget even after deducting public safety program payments to cities by the state; and

WHEREAS, in fiscal year 2007-08 alone, the state seized \$895 million in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in fiscal year 2008-09; and

WHEREAS, the Educational Revenue Augmentation Fund (ERAF) shift is \$3,095,166 annually for Lodi; and

WHEREAS, in 2004, the voters, by an 84% vote margin, adopted substantial constitutional protections for local revenues, but the legislature can still "borrow" local property taxes to fund the state budget; and

WHEREAS, on May 5, the Department of Finance announced it had proposed to the Governor that the state "borrow" over \$2 billion in local property taxes from cities, counties, and special districts to balance the state budget, causing deeper cuts in local public safety and other vital services; and

WHEREAS, in the past, the Governor has called such "borrowing" proposals fiscally irresponsible because the state will find it virtually impossible to repay and it would only deepen the state's structural deficit, preventing the state from balancing its budget; and

WHEREAS, the legislature is currently considering hundreds of bills, many of which would impose new costs on local governments that can neither be afforded nor sustained in this economic climate; and

WHEREAS, state agencies are imposing, or considering, hundreds of regulations imposing unfunded mandates on local governments without regard to how local agencies will be able to comply with these mandates while meeting their other responsibilities; and

WHEREAS, the City of Lodi simply cannot sustain the loss of any more property tax funds or be saddled with any more state mandates as they will only deepen the financial challenge facing our city.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby declare that the City is experiencing a severe fiscal hardship due to the following factors:

1. The state government's ongoing seizure of city property tax funds since the early 1990s to fund the state budget and the \$3,095,166 annual ERAF shift; and
2. The continued adoption of unfunded mandates by the state legislature and state agencies without any consideration for the economic hardships such mandates impose on cities and their residents.

BE IT FURTHER RESOLVED that the City Council strongly and unconditionally opposes the May 5 proposal of the Department of Finance and any other state government proposals to borrow or seize any additional local funds, including property tax and the City's share of Proposition 42 transportation sales tax; and

RESOLVED FURTHER that the City Council strongly urges the state legislature and Governor to suspend the enactment of any new mandates on local governments until such time as the economy has recovered and urges the state to provide complete funding for all existing and any new mandates; and

RESOLVED FURTHER that the City Clerk shall send copies of this resolution to the Governor, state senator, state assembly member, and the League of California Cities.

Date: May 20, 2009

=====


I hereby certify that Resolution No. 2009-67 was passed and adopted by the Lodi City Council in a regular meeting held May 20, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Johnson, Katzakian, Mounce,
and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


JENNIFER M. PERRIN
Assistant City Clerk



DECLARATION OF MAILING

RESOLUTION DECLARING FISCAL HARDSHIP DUE TO THE STATE'S ONGOING SEIZURE OF LOCAL PROPERTY TAX FUNDS FOR THE EDUCATIONAL REVENUE AUGMENTATION FUND AND ITS CONTINUED ADOPTION OF UNFUNDED MANDATES

On May 21, 2009, in the City of Lodi, San Joaquin County, California, I deposited in the United States mail, envelopes with first-class postage prepaid thereon, containing resolution declaring fiscal hardship due to the State's ongoing seizure of local property tax funds for the Educational Revenue Augmentation Fund and its continued adoption of unfunded mandates, attached hereto Marked Exhibit A. The mailing list for said matter is attached hereto, marked Exhibit B.

There is a regular daily communication by mail between the City of Lodi, California, and the places to which said envelopes were addressed.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 21, 2009, at Lodi, California.

ORDERED BY:

RANDI JOHL
CITY CLERK, CITY OF LODI

JENNIFER M. PERRIN, CMC
ASSISTANT CITY CLERK

MARIA BECERRA
ADMINISTRATIVE CLERK

CITY COUNCIL

LARRY D. HANSEN, Mayor
PHIL KATZAKIAN,
Mayor Pro Tempore
SUSAN HITCHCOCK
BOB JOHNSON
JOANNE MOUNCE

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6702 / FAX (209) 333-6807
www.lodi.gov cityclerk@lodi.gov

BLAIR KING, City Manager
RANDI JOHL, City Clerk
D. STEPHEN SCHWABAUER
City Attorney

May 21, 2009


To Interested Parties

**RE: RESOLUTION DECLARING FISCAL HARDSHIP DUE TO THE STATE'S
ONGOING SEIZURE OF LOCAL PROPERTY TAX FUNDS FOR THE
EDUCATIONAL REVENUE AUGMENTATION FUND AND ITS
CONTINUED ADOPTION OF UNFUNDED MANDATES**

The Lodi City Council, at its meeting of May 20, 2009, adopted the enclosed resolution declaring that the City of Lodi is experiencing a severe fiscal hardship due to the State's ongoing seizure of local property tax funds for the Educational Revenue Augmentation Fund and the continued adoption of unfunded mandates by the State of California.

Should you have any questions, please feel free to contact the City Clerk's Office.

Sincerely,


Jennifer M. Perrin
Assistant City Clerk

JMP

Enclosure

RESOLUTION NO. 2009-67

A RESOLUTION OF THE LODI CITY COUNCIL
DECLARING THAT THE CITY IS EXPERIENCING A
SEVERE FISCAL HARDSHIP DUE TO THE STATE'S ONGOING
SEIZURE OF LOCAL PROPERTY TAX FUNDS FOR THE
EDUCATIONAL REVENUE AUGMENTATION FUND AND THE
CONTINUED ADOPTION OF UNFUNDED MANDATES BY THE
STATE OF CALIFORNIA

=====

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused city officials to reopen adopted budgets, furlough city workers, and reduce services and programs to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s, the state government of California has seized over \$8.6 billion of city property tax revenues statewide to fund the state budget even after deducting public safety program payments to cities by the state; and

WHEREAS, in fiscal year 2007-08 alone, the state seized \$895 million in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in fiscal year 2008-09; and

WHEREAS, the Educational Revenue Augmentation Fund (ERAF) shift is \$3,095,166 annually for Lodi; and

WHEREAS, in 2004, the voters, by an 84% vote margin, adopted substantial constitutional protections for local revenues, but the legislature can still "borrow" local property taxes to fund the state budget; and

WHEREAS, on May 5, the Department of Finance announced it had proposed to the Governor that the state "borrow" over \$2 billion in local property taxes from cities, counties, and special districts to balance the state budget, causing deeper cuts in local public safety and other vital services; and

WHEREAS, in the past, the Governor has called such "borrowing" proposals fiscally irresponsible because the state will find it virtually impossible to repay and it would only deepen the state's structural deficit, preventing the state from balancing its budget; and

WHEREAS, the legislature is currently considering hundreds of bills, many of which would impose new costs on local governments that can neither be afforded nor sustained in this economic climate; and

WHEREAS, state agencies are imposing, or considering, hundreds of regulations imposing unfunded mandates on local governments without regard to how local agencies will be able to comply with these mandates while meeting their other responsibilities; and

WHEREAS, the City of Lodi simply cannot sustain the loss of any more property tax funds or be saddled with any more state mandates as they will only deepen the financial challenge facing our city,

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby declare that the City is experiencing a severe fiscal hardship due to the following factors:

1. The state government's ongoing seizure of city property tax funds since the early 1990s to fund the state budget and the \$3,095,166 annual ERAF shift; and
2. The continued adoption of unfunded mandates by the state legislature and state agencies without any consideration for the economic hardships such mandates impose on cities and their residents.

BE IT FURTHER RESOLVED that the City Council strongly and unconditionally opposes the May 5 proposal of the Department of Finance and any other state government proposals to borrow or seize any additional local funds, including property tax and the City's share of Proposition 42 transportation sales tax; and

RESOLVED FURTHER that the City Council strongly urges the state legislature and Governor to suspend the enactment of any new mandates on local governments until such time as the economy has recovered and urges the state to provide complete funding for all existing and any new mandates; and

RESOLVED FURTHER that the City Clerk shall send copies of this resolution to the Governor, state senator, state assembly member, and the League of California Cities.

Date: May 20, 2009

=====


I hereby certify that Resolution No. 2009-67 was passed and adopted by the Lodi City Council in a regular meeting held May 20, 2009, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Johnson, Katzakian, Mounce,
and Mayor Hansen

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


JENNIFER M. PERRIN
Assistant City Clerk

Governor Arnold Schwarzenegger
State Capitol Building
Sacramento, Ca. 95814

State Senator Dave Cogdill
State Capitol, Room 5097
Sacramento, CA 95814

Assembly Member Alyson Huber
218 W. Pine St.
Lodi, Ca. 95240

League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814